

# ALASKA STATE LEGISLATURE

## LEGISLATIVE BUDGET AND AUDIT COMMITTEE Division of Legislative Finance



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### MEMORANDUM

DATE: October 25, 2019

TO: Legislative Budget and Audit Committee

FROM: David Teal, Director

SUBJECT: Preparation for the October 31, 2019 LB&A Meeting

OMB submitted the following FY20 RPLs for consideration at the October 31, 2019 Legislative Budget and Audit Committee meeting. These RPLs, along with Legislative Finance comments, are posted on our web site at <http://www.legfin.akleg.gov>.

RPL#	Agency	Subject	Amount	Fund Source
08-2020-0105 Operating	Commerce, Community and Economic Development	U.S. EPA Multipurpose Grant	\$51,196	Federal Receipts (1002)
20-2020-0050 Operating	Corrections	Equitable Sharing Program	\$150,000	Federal Receipts (1002)
05-2020-0045 Operating	Education and Early Development	Alaska Comprehensive Literacy State Development Program	\$6,507,695	Federal Receipts (1002)
18-2020-0369 Capital	Environmental Conservation	Fairbanks PM2.5 Nonattainment Area Voluntary Heating Device Change Out Program	\$5,000,000	Federal Receipts (1002)
25-2020-8718 Capital	Transportation and Public Facilities	Whittier Tunnel Fire Truck Replacement	\$1,000,000	Highway Equipment Working Capital Fund (1026)

If you have any questions that you want an agency to address at the meeting, please call us so we can help ensure the agency has a response prepared.

**Department of Corrections  
Population Management  
Institution Director's Office**

<b>Subject of RPL:</b> Equitable Sharing Program	<b>ADN/RPL #:</b> 20-2020-0050
<b>Amount requested:</b> \$150,000	<b>Appropriation Authority:</b> Sec 1 Ch 1 FSSLA 2019 Pg 8 Ln 26
<b>Funding source:</b> Federal Receipts (1002) Operating	<b>Statutory Authority:</b> AS 33.30.011

## **PURPOSE**

The Department of Corrections requests \$150,000 of Federal authorization in FY2020 to spend Federal funds received through the Equitable Sharing Program for inmate care. The Equitable Sharing Program is a Federal program that allows the proceeds of liquidated seized assets from asset forfeiture to be shared between State and Federal law enforcement authorities. The Department receives a share of assets seized during operations when the Department has assisted Federal law enforcement entities. The Department anticipates that the use of its drug dog will result in receiving monies from this program in FY2020.

*Legislative Fiscal Analyst Comment:* Given the implied purpose of a drug dog, we question the description of the receipts as “proceeds of liquidated seized assets”, as we would not expect the seized assets to be sold. We also question how federal law enforcement entities would be involved in day-to-day activities of the drug dog and why new receipts could not be absorbed in the existing \$11.6 million of federal receipt authority. Receipt of federal funds does not occur until after conviction, so receipt of proceeds may be delayed.

The Committee may wish to ask for clarification of

1. what activities are expected to generate receipts,
2. how the requested amount was determined, and
3. why this issue cannot be adequately addressed during the next legislative session.

That said, the agency requested insufficient federal receipt authority—and left federal receipts unspent—for the last few years. That issue was addressed in the FY20 budget cycle. Although existing receipt authority may be sufficient, separate identification of federal receipts for this purpose adds clarity to the budget. The worst case scenario if this RPL is approved is that the agency has some hollow receipt authority. Legislative Finance does not consider that to be a serious issue.

## **PREVIOUS LEGISLATIVE CONSIDERATION**

This is the first year the Department expects to receive funds from this program due to the use of the Department's drug dog.

## **TIMING ISSUES**

The funding is not in the current budget because the Department is just beginning to participate in the program. The exact amount of the funds is contingent upon the value of the seized assets. The Department will benefit from having these additional resources to support inmate care as the inmate population is increasing. Without this approval, the Department will not be able to use funds from this ongoing Federal program.

*Legislative Fiscal Analyst Comment:* The legislature has not discussed this new program, and a case can be made that the Committee should defer to the full legislature for a funding/policy decision. Note, however, that the legislature's funding decision would determine only the agency's ability to spend receipts; it will not affect the policy decision to make use of the drug dog.

The requested additional receipt authority does not appear to be an urgent need. While it is true that supplemental appropriations have been delayed in recent years, the agency could use existing receipt authority to cover proceeds and, if necessary, increase federal authorization during the normal budget process. As noted earlier, the worst case scenario if this RPL is approved is that the agency has some hollow receipt authority. Legislative Finance does not consider that to be a serious issue.

## **BUDGETARY ISSUES**

The availability of these funds to the Department will assist in covering the cost of inmate care. The funds will be spent in FY2020. These monies do not impact staff positions.

*Legislative Fiscal Analyst Comment:* Federal restrictions apply to the spending of these receipts. The receipts must supplement—not supplant—existing funding.

A U.S. Department of Justice document providing information on the equitable sharing program is attached.

**Department of Commerce, Community and Economic Development  
Alaska Oil and Gas Conservation Commission**

<b>Subject of RPL:</b> U.S. EPA Multipurpose Grant	<b>ADN/RPL #:</b> 08-2020-0105
<b>Amount requested:</b> \$51,196	<b>Appropriation Authority:</b> Sec 1 Ch 1 SLA 2019 Pg 4 Ln 18
<b>Funding source:</b> Federal Receipts (1002) Operating	<b>Statutory Authority:</b> AS 31.05.093

*Legislative Fiscal Analyst Comment:* Per Administrative Order #307, the Alaska Oil and Gas Conservation Commission (AOGCC) was moved from the Department of Administration to the Department of Commerce, Community and Economic Development for administrative purposes only. The appropriation authority for AOGCC still resides within the Department of Administration for the FY20 budget.

## **PURPOSE**

The Alaska Oil and Gas Conservation Commission (AOGCC) requests an additional \$51,196 in Federal authorization for FY2020. The additional authorization will be used to receive Federal grant funding from the U.S. Environmental Protection Agency (EPA) to perform high priority oilfield inspections and mechanical integrity testing (MIT) of Class II injection and disposal wells, in compliance with the Underground Injection Control (UIC) program authorized under the Safe Drinking Water Act 1443(b). The funding is authorized by the 2018 Consolidated Appropriations Act (P.L 115-141) and the 2019 Consolidated Appropriations Act (P.L 116-6).

## **PREVIOUS LEGISLATIVE CONSIDERATION**

The AOGCC UIC program is authorized with \$118,000 in Federal funds from the EPA and \$1,630,000 in AOGCC receipts. This is the first time AOGCC has been awarded a Multipurpose Grant from the EPA, which can also be utilized for the UIC program.

## **TIMING ISSUES**

The AOGCC was first notified August 1, 2019 that these funds were available, so the funding was not anticipated for the FY2020 budget. The EPA anticipates grant funding to be issued in December 2019, and the AOGCC anticipates expenditure of the funds by the end of FY2020. A delay or disapproval of this request would likely result in the EPA distributing the funding to other states or state agencies. The EPA would not defer their grant to allow AOGCC to accept it in the future.

## **BUDGETARY ISSUES**

The additional funds will support the UIC program, which the AOGCC oversees on behalf of the EPA. This is directly related to AOGCC's mission of "the protection of health, safety, fresh ground waters." Funding will be used for Personnel Services only, on hours worked with direct relation to the UIC program. No general funds will be used, and no match is required for this work.

The AOGCC currently has an EPA agreed performance measure to witness 50% of MITs and the additional funding will help ensure that the AOGCC meets that goal. AOGCC regulations require the operator give AOGCC inspectors notice and the opportunity to witness certain tests. AOGCC decides to witness the test or not depending on availability of inspectors and other inspection program priorities.

*Legislative Fiscal Analyst Comment:* There are no technical issues with this RPL. The grant funding will be in hand December 2019.

The AOGCC budget currently has federal expenditure authority of \$120.0 of which \$118.0 is used for the UIC program (FY18 actuals were \$114.0). This additional federal grant will supplement existing authorization and provide a total of \$169.2 of federal receipts for the UIC program. The grant is absent any restrictions or performance measures and the federal funding will offset expenditures of AOGCC receipts for UIC activities.

The last two years, AOGCC has witnessed over 50% of MITs as agreed upon with the EPA. Their goal is to witness 75% of tests if possible. The 50% has been exceeded in FY2017 and FY2018 (51% and 59% respectively), but varied between 38% and 48% from FY2011 to FY2016. The performance measures on witnessing well safety tests can be found at: <https://omb.alaska.gov/html/performance/details.html?p=198>.

Additional back-up provided by the agency follows.

**Department of Environmental Conservation**  
**Air Quality**  
**Division of Air Quality**

<b>Subject of RPL:</b> Fairbanks PM2.5 Nonattainment Area Voluntary Heating Device Change Out Program	<b>ADN/RPL #:</b> 18-2020-0369
<b>Amount requested:</b> \$5,000,000	<b>Appropriation Authority:</b> Sec 1 Ch 19 SLA 2018 Pg 4 Ln 27
<b>Funding source:</b> Federal Receipts (1002) Capital	<b>Statutory Authority:</b> AS 46.03

## **PURPOSE**

The Department of Environmental Conservation has been awarded a competitive grant from the U.S. Environmental Protection Agency (EPA) for the purpose of solid fuel burning appliance (SFBA) conversion or removal and expanded marketing and outreach efforts under the Targeted Air Shed grant program. This federal funding fits into a long-term plan for the State and the Fairbanks North Star Borough (FNSB), which has the highest recorded levels of fine particulate matter air pollution (PM2.5) in the nation and is classified as a serious nonattainment area by the EPA.

Wood smoke is the primary source of the PM2.5 pollution, contributing between 60% and 80% of pollution levels. Changing out older, more polluting home heating devices is an effective way to reduce air pollution. This program allows residents with solid fuel (e.g. wood, coal, etc.) burning appliances used as primary, secondary, or emergency backup heating sources to convert to oil, electric, natural gas, or propane heaters.

In order to accommodate the grant, the Department is seeking to amend an existing SLA 2018 capital appropriation by adding an additional \$5,000,000 in federal authority.

## **PREVIOUS LEGISLATIVE CONSIDERATION**

The Division of Air Quality has received two prior year capital appropriations for previous grants under this competitive grant program:

“Fairbanks PM2.5 Nonattainment Area Voluntary Heating Device Change Out Program” was awarded in the amount of \$2,477,250 and expires in 2022. Sec 1, Ch 1, TSSLA 2017, pg 4, ln 15.

“Fairbanks PM2.5 Nonattainment Area Voluntary Heating Device Change Out Program” was awarded in the amount of \$4,000,000 and expires in 2023. Sec 1, Ch 19, SLA 2018, pg 4, ln 27.

***Legislative Fiscal Analyst Comment:*** All but \$116.0 of the two existing capital appropriations has been obligated.

## **TIMING ISSUES**

The Department applied for this competitive federal grant on December 31, 2018. Having been awarded funds in the last two application periods, the Division was not confident Alaska would receive the funding again, and thus did not preemptively ask for capital appropriation authority for

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LFD Contact: Alexei Painter (907) 465-5434

FY2020. The grant has now been secured and signed by both the EPA and the Department. Work is ready to begin once capital appropriation authority is approved. If authority is not provided, the state will be unable to meet the work plan requirements of this grant and the funding will be surrendered back to the EPA unused.

*Legislative Fiscal Analyst Comment:* The grant award includes funding for the FNSB to conduct outreach to make more residents aware of the wood stove change-out program. The best time to conduct that outreach is during the winter when residents are using their wood stoves. Waiting to request the authorization until the next legislative session would limit outreach opportunities this winter, which could result in fewer wood stoves being replaced.

## BUDGETARY ISSUES

The Division of Air Quality will again partner with the Department of Commerce, Community, and Economic Development and the FNSB to run this program as detailed in the grant application.

The line item distribution of the grant is as follows. These lines should be added to the existing SLA 2018 capital appropriation for replacing solid fuel heating systems with oil, electric, natural gas, or propane heaters:

<b>Personal Services</b>	\$88,161
<b>Travel</b>	\$1,130
<b>Contractual</b>	\$4,910,709
<b>Supplies</b>	\$0
<b>Equipment</b>	\$0
<b>Grants</b>	\$0
<b>Total</b>	<b>\$5,000,000</b>

The program does not require a state contribution and does not require ongoing state costs once the funds are expended and the grant has expired. There are no new positions created with this funding.

*Legislative Fiscal Analyst Comment:* There are no technical issues with this RPL. This RPL increases the amount of an FY19 capital budget appropriation for the same purpose from \$4 million to \$9 million to reflect the new grant award.



**Department of Education and Early Development  
Education Support and Administrative Services  
Student and School Achievement**

<b>Subject of RPL:</b> Alaska Comprehensive Literacy State Development Program	<b>ADN/RPL #:</b> 05-2020-0045
<b>Amount requested:</b> \$6,507,695	<b>Appropriation Authority:</b> Sec1 Ch1 FSSLA 2019 Pg 11 Ln 11
<b>Funding source:</b> Federal Receipts (1002) Operating	<b>Statutory Authority:</b> AS 14.30.335; AS 14.50.030 AS 14.50.080

## **PURPOSE**

The Department of Education and Early Development (DEED) is requesting \$6,507,695 in Federal receipt authority to receive a new Federal grant for the Alaska Comprehensive Literacy State Development Program. The grant funds for this project will be awarded as competitive sub-grants to local agencies to advance literacy skills, pre-literacy skills, reading, and writing for children from birth through grade 12 with a focus on economically disadvantaged children. This project aligns with Alaska's Education Challenge by providing opportunities to reduce the education gap, increase early literacy, as well as increase graduation rates.

Alaska's Education Challenge initiative is a primary focus for the Department, this grant funding directly supports several goals of the Challenge including all students reading at grade level by the end of third grade, closing the achievement gap, and increasing graduation rates. The increase of Federal authority is necessary to ensure funding of these efforts.

## **PREVIOUS LEGISLATIVE CONSIDERATION**

There was no previous legislative consideration for this grant.

*Legislative Fiscal Analyst Comment:* Although the legislature did not review this specific grant, the Alaska Comprehensive Literacy State Development Program aligns with the agency's statutory responsibilities regarding maximization of federal funding to improve educational outcomes. Approval would increase the FY20 Enacted federal receipts budget within this allocation from \$155,720.2 to \$162,227.9.

## **TIMING ISSUES**

In March 2019, after the FY2020 budget submission, DEED applied for a five-year Comprehensive Literacy State Development Program grant through the U.S. Department of Education (USDOE) to further meet Alaska's Education Challenge. In September 2019, the Department was awarded the grant effective October 1, 2019. The total amount awarded for Federal FY2020 is \$6,507,695, followed by \$3,945,933 annually through Federal FY2024.

The Department did not anticipate this grant availability during the FY2020 budget development period and does not have adequate Federal receipt authority to collect and expend this award. In support of Alaska's Education Challenge, the Department sought out this grant to advance literacy, reading, and writing skills to children from birth to grade 12 in Alaska, specifically children living in poverty, English learners, and children with disabilities.

Agency Contact: Neil Steininger, Administrative Services Director (907) 465-8721  
LFD Contact: Michael Partlow (907) 465-5435



**BUDGETARY ISSUES**

There is no general fund match required for this grant award. Below is a table showing the estimated line item distribution for FY2020:

1000 – Personal Services	\$121,147.00
2000 – Travel	\$5,000.00
3000 – Services	\$50,000.00
4000 – Commodities	\$6,500.00
7000 – Grants	\$4,765,000.00

*Legislative Fiscal Analyst Comment:* Although the department has lapsed federal funding in this appropriation during the last several fiscal years, “excess” federal authorization is essential due to the characteristics of overlapping annual grants that allow grant money to be spent over a 27-month period.

The department does not have control over when recipients of the federal pass-through grants draw federal funds through the department. This situation requires the department to encumber large amounts of federal authority each year to cover potential expenditures. The requested additional authority will allow the department to accept available federal funding and obligate those funds for grants to school districts.

This additional grant funding will require staff time for coordination of the program and granting awards to school districts. The department is currently reviewing options to either create full-time positions, non-permanent positions, or contract out for the coordination work.

No general funds are required. There are no technical issues with this RPL.

**Department of Transportation and Public Facilities  
State Equipment Fleet**

<b>Subject of RPL:</b> Whittier Tunnel Fire Truck Replacement	<b>ADN/RPL #:</b> 25-2020-8718
<b>Amount requested:</b> \$1,000,000	<b>Appropriation Authority:</b> Sec 1 Ch 3 FSSLA 19 Pg 7 Ln 20
<b>Funding source:</b> Highway Equipment Working Capital Fund (1026) Capital	<b>Statutory Authority:</b> AS 44.42.020, AS 44.68.010-.040; AS 44.68.210-.250; AS 44.68.270-.280

## **PURPOSE**

The Department of Transportation and Public Facilities, State Equipment Fleet (SEF) is requesting \$1 million in additional Highway Equipment Working Capital Fund (HEWCF) authority to replace two aging fire trucks for the Whittier Access and Tunnel Operations. The existing fire trucks located at either end of the Anton Anderson Memorial Tunnel are now 20-years old and at least five years past their useful life.

The Tunnel Operations, Maintenance, Inspection and Evaluation Manual (TOMIE) sets forth the overarching requirements for tunnel operations. In the TOMIE are requirements for an approved Emergency Response Plan (ERP). Firefighters and operational fire-fighting equipment are called for in the ERP. Failing to meet the requirement of the ERP puts the Department and State of Alaska at risk for tort liability in the event of a tunnel fire.

## **PREVIOUS LEGISLATIVE CONSIDERATION**

SEF has a current year capital appropriation that can be amended to include the authority necessary to purchase these fire trucks (Sec 1 Ch 3 FSSLA 19 pg 7 ln 20). There has been no previous legislative consideration for this request.

## **TIMING ISSUES**

It will take approximately one year to contract and receive the new equipment, and have it fitted with rail gear for tunnel operations. So, the sooner the purchase can be made the better.

## **BUDGETARY ISSUES**

SEF's HEWCF authority of \$12.5 million in FY2020 must cover the replacement needs of mission essential equipment for all executive branch agencies. This amount is insufficient to cover regular agencies needs and the fire truck replacement. The revenue necessary for the equipment replacement is available due to fully depreciated Whittier Tunnel assets whose value were overestimated and useful life underestimated.

*Legislative Fiscal Analyst Comment:* The FY20 budget review language for RPLs included (for the first time) the Highway Equipment Working Capital Fund (HEWCF). The intent was to provide an avenue for DOT&PF to access additional money for replacement of essential state equipment. This RPL falls in line with the language intent.

Agency Contact: Dom Pannone, Administrative Services Director (907) 465-2956  
LFD Contact: Rob Carpenter (907) 465-5413

There are no technical issues with this RPL.

LFD submitted a list of questions to DOT&PF regarding this RPL. Q&A follows.

**Why is this time critical other than the “sooner the better”? If the trucks are “5 years past their useful life,” why is this request coming forward now?**

The firetrucks are 5 years past the maximum recommended useful life for front-line fire trucks. They are still in use and useful, but maintenance complexity and maintenance costs increase exponentially with age. There is also significantly increased risk of components failing which puts the department and State of Alaska at risk for tort liability in the event of a tunnel fire. The existing trucks are discontinued in the configuration that we have. New and replacement parts and components are not compatible with our trucks and sourcing old parts is becoming increasingly difficult.

This is the first reasonable and appropriate use DOT&PF has had to take advantage of the new Revised Program Legislative (RPL) process. It's our understanding this is the first year the RPL process has been available for HEWCF. The request for RPL is also our way of separating this funding request from the approved HEWCF capital appropriation, which is for replacing current HEWCF assets that have acquired replacement credits within that fund.

**Why are the existing trucks obsolete? Will there be any salvage value? Why do the trucks have to be fitted with rail gear...vehicles drive through the tunnel?**

The trucks were assigned a salvage value of ~\$65k per truck (vehicle #33339 salvage value of \$64,388.00, vehicle #33340 salvage value \$65,921.00).

We do not anticipate getting that value at auction and estimate closer to \$30,000.00 each. It could be even less. These trucks are highly specialized and customized and there is not a significant market for aged, oversized rail tunnel fire trucks.

The rail gear is necessary to allow the truck to be driven and move within the tunnel quickly, safely and predictably in a fire emergency without damaging the truck or the tunnel. This tunnel is unique in terms of transportation tunnels. The tunnel is 5 miles long, with a single paved lane for motor vehicle traffic and a single rail line. Traffic moves through the 5-mile tunnel in one direction at a time.

Emergency response to a vehicle or railcar fire could require a fire truck to drive the entire distance of the tunnel in pitch black and heavy black smoke. There is nowhere in the tunnel to turn a fire truck around, so to get out of the tunnel, the operator of the fire truck would need to repeat that task, while driving the truck in reverse as a fire event would create a blockage at the point of incident that would likely not allow the truck to proceed to the other end of the tunnel. Driving in reverse, the best infrared camera guidance system would not guarantee a driver could navigate without bouncing the truck off the tunnel walls. The rails and rail gear keep the vehicle centered in the tunnel, all the way in and all the way out.

**Are there any federal requirements or issues involved? Is the TOMIE and ERP a FHWA requirement?**

The Tunnel Operations Maintenance Inspection and Evaluation (TOMIE) document is a Federal document. Fire protections systems are required for tunnels. The system we have in place was cleared and approved with FHWA to allow us to operate a facility of this type.

At this time the Whittier Fire Department is underfunded, and their equipment is old and dysfunctional. Neither Girdwood nor Whittier would be able to make entry into the tunnel due to the specialized equipment and training required for the environment.

A fire incident is the greatest liability a transportation tunnel has. An article on the Mont Blanc Tunnel fire tragedy ([hyperlink below](https://en.wikipedia.org/wiki/Mont_Blanc_Tunnel#Mont_Blanc_Tunnel_1999_fire)) paints a terrifying picture of how quickly a fire incident in a tunnel can become deadly and why rail gear is necessary.

Link: [https://en.wikipedia.org/wiki/Mont\\_Blanc\\_Tunnel#Mont\\_Blanc\\_Tunnel\\_1999\\_fire](https://en.wikipedia.org/wiki/Mont_Blanc_Tunnel#Mont_Blanc_Tunnel_1999_fire)

**What assets are currently planned to be replaced/purchased with the \$12.5 million existing capital appropriation? Why are the other assets prioritized over the fire trucks? Couldn't the fire trucks be replaced with existing authority and other asset purchases be postponed until the next budget cycle? Couldn't this RPL just as easily be for police cruisers or other assets on the replacement list?**

SEF has a working list of assets that has been identified by SEF and user agencies as priorities for current year replacement. That list is fluid, as other priorities come up due to total loss accidents, theft, or shifts in mission.

The current list of assets that are fully amortized and fully depreciated would require \$60M+ in capital spending. The assets that get replaced by the regular annual appropriation are those that have the greatest need of replacement, considering operational cost savings, ability to purchase replacement parts & service availability.

Incorporating these trucks into this year's current capital allocation will push \$1M of asset replacement further into FY2021, increasing operating costs, and increasing the backlog of aging assets.

The difference between this request and the police cruiser request is that the DOT&PF Central Region Highways & Aviation (H&A) component has the replacement credits available in the HEWCF to fund this purchase, whereas Department of Public Safety does not have the replacement credits available in the HEWCF to fund their 32 additional vehicles.

**Given the budget reductions to the annual SEF equipment replacement capital appropriation, from \$20 million in FY17 to \$12.5 million in FY20, what have been the impacts and would a broader titled RPL with additional funding (beyond \$1 million) be useful to complete the fiscal year? What would the benefits be of this action?**

A broader RPL would allow more assets to be replaced this year. Benefits would include increases in reliability, reduced SEF operating costs for vehicles whose maintenance expenses and component failure rates have increased beyond the costs of a replacement.

**Revenue available explanation: fully depreciated – How much has been collected for replacement with the replacement rate? Is the maintenance rate still being paid to SEF? Are these considered X class vehicles?**

The intent of this process is to onboard and integrate these new trucks into the fleet, as additions.

The existing fire trucks were not purchased or set up in a manner to be replaceable by the Highway Equipment Capital Working Fund (HEWCF). These trucks are outliers and fall completely outside of all the normal replacement processes. They were federal grant funded originally and have not been included in other replacement plans.

All other DOT&PF fire trucks are located at airports, replaced via the Airport Improvement Plan (AIP) process, and do not factor in to HEWCF replacement planning either, they are taken care of by AIP funding.

No funds have been collected or saved in the HEWCF for replacement of these trucks. The HEWCF funds that will be used to purchase new fire trucks are funds that have been paid in for the replacement of other Whittier Tunnel assets that will not need to be replaced in the future, and their replacement can be handled in future H&A and/or HEWCF appropriations, over a long period of time.

The majority of the funding is coming from the replacement funds designated to replace asset WT004, which is chain link fencing that is mounted on the inner walls of the tunnel. The fencing acts as a 'safety net' to keep any rocks or debris that might loosen up in the raw walls and ceiling of the tunnel from falling onto trains or vehicles or people. This asset was originally set up in 2000 with a \$1M cost, and a 20-year life. It was originally funded by a federal grant and set up as a replaceable HEWCF asset Central Region H&A paid replacement funding to HEWCF over the ensuing 20 years to build up \$1M+ in replacement credits for this asset. It has become apparent that the current fencing will last for many years to come and replacement will most likely be done in segments rather than all at once. This replacement can be incorporated into future year appropriations in smaller increments, likely over multiple fiscal years.